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ITALIAN POLITICAL CRISIS CONTINUES IMMINENT

A. Italian parliament due to reconvene on 18 January, and political crisis temporarily abated will revive when controversial issues must be faced with the new year:

1. Domestic issues based principally on the distressed economic situation of the Italian worker have been largely ignored by the government since the 1948 elections, but cannot be avoided further inasmuch as 1953 elections strengthened Social-Communist and Christian Democratic left in parliament.

a. Government is considering refurbishment of a three-year old labor bill, opposed by even the Christian democratic union, which increased its parliamentary strength in the 1953 June national elections and has recently participated with the Communist labor confederation in sponsoring nationwide strikes in unity of action.

b. A controversial civil service reform bill is being drafted and has already been a cause of strikes by government employees.

c. Composition of the proposed constitutional court, on which the Christian Democrats have thus far abstained from committing their support, must be decided.

d. A senate committee is considering revision of the "swindle" electoral

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law which was a large factor in the government's electoral defeat,

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and any mention of which arouses general public animosity against the Christian Democrats.

- e. The touchy issue of rent control has been raised by a revisionist bill now in senate committee.
2. Foreign commitments which have been similarly postponed are now coming to a head under pressure from "nationalists" on both right and left.
- a. Failure to secure a favorable solution of the Trieste issue will be exploited by rightist or leftist opponents of the government whenever such a move looks profitable.
 - b. The question of EDC ratification , which Premier Pella decided would be inopportune to raise before Christmas, will impose a dangerous strain on the government's weak majority whenever it reaches the floor of parliament.
 - c. Ratification of American base agreements would also risk parliamentary obstruction.
 - d. A more "independent" attitude toward east-west trade restrictions can be expected to be pushed by parliamentary representatives of industrial and labor interests, who may also urge deliberalization of Italian trade

with western European countries that have not similarly liberalized.

B. Instability of the present Christian Democratic government has been emphasized by several recent defeats in parliament, and votes of censure by the party directorate.

1. Parliament:

a. Defeated the government's move to appoint representatives to the CSC and the EPC on 19 December. Defeat was engineered by a combination of Social-Communists and neo-Fascists, abetted by a number of Christian Democrats who objected to the government's decision to include Monarchist representatives.

b. Manoeuvred, by a combination of the same elements, sweeping revision of the government's bill for political amnesty so that it became necessary to abandon the bill and initiate another.

2. Christian Democratic Party directorate:

a. Passed a motion censuring the government's Trieste policy.

b. Passed a motion by insisting that the government take action to effect negotiations between management and labor following the remarkably successful September industrial strike, which was supported by both

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c. Announced that it took a neutral (that is, not pro-government) stand

on the nationwide December strikes, supported by both Communist and

Christian Democratic unions.

C. The Christian Democratic government has become increasingly isolated from its own party as well as from its former center and left-center allies, in the field of both politics and labor. Pella is:

1. Believed to rely heavily on the support of the right, i.e. the Monarchist Party.
2. To have failed to crack down on management with regard to continuing factory lay-offs, omission of labor benefits, and insistence of management on hiring Communist and ex-Fascist workers and on dealing primarily with the Communist rather than the non-Communist labor organization.

D. Similarly, the former left-center allies are being pushed toward unity of parliamentary action with the Social-Communists.

E. The government's attempt to zigzag between right and left has in balance shown a continued swing to the right, which former premier De Gasperi opines will "in the end cause a wider swing to the left" of the Italian electorate.

Human Interest: In view of the Communist gains in the June elections, following a period during which the party was reported to have been losing members, an American

observer has commented "If the Communists have a majority in parliament."

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